

To the economic interim committee

I would like to bring something important to this committee's attention. I know the legislature took important steps to give MT cannabis businesses the opportunity to get a foothold in an industry that has been changed considerably by HB 701. I appreciate that. But that could all come undone. If providers, state officials and labs aren't given adequate time frames on new rules, (which many are still being written) then 20% of small providers will be closed come January 1st.

I'd like to offer a perspective on what's happening in the 11th hour with adult sales 45 days away.

- There are people who have grown on their own properties for more than a decade, but those properties aren't zoned for commercial use. or local building officials have not signed off on them being cannabis related. So if they aren't already zoned commercial, a Change of Use may be hard to achieve. These providers weren't hiding anything. They were acting within the rules of the program, they were inspected and they were licensed. If new rules go into effect Jan 1, these people are out of business. They need time to make other arrangements or deal with local officials. This will include but not limited to- the family farm with a larger building in the middle of nowhere, shop on the corner of your land situated away from your house and the 1900s brick building in the outskirts of town. This could affect upwards of 15-30 providers or an estimate canopy loss of 30-60 thousand square feet
- Testing lab requirements are substantially being altered. This puts massive pressure on labs to spend money on compliance equipment. Testing, which is already outrageously expensive, will get more expensive. People won't be ready. The labs won't be ready. You may think cannabis businesses will all be making significantly more money with adult use, but it won't be that way from the beginning. Production won't be exponentially up yet. Profit margins are more likely to decrease than increase, even if sales increase, due to increased compliance costs.

Proposal-

Please give businesses a year to comply with the new rules. Let us survive to compete when the market opens up further in July 2023. Priority licensing until July '23 doesn't help if we can't survive the first six months. Give businesses and labs a year to gear up with more expensive lab testing protocols.

Ultimately, allow the people who started this industry in Montana (who are not the four largest providers) an ability to exist for this first year.

Brandon Madland